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OIG-78-0316/2

1 February 1978

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MEMORANDUM FOR: [REDACTED]
Office of Legislative Counsel

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FROM : [REDACTED]
Chief, Congressional Support Staff, NFAC

SUBJECT : Response to the GAO Questionnaire on
Macroeconomic Models

1. OER feels we cannot respond to many of the questions on macroeconomic modeling on an unclassified basis and that much of the information requested does not bear on the use of such models in intelligence production. At the same time, OER recognizes the purpose and the importance of the GAO survey.

2. To help the GAO complete its survey, the following unclassified information should be useful.

- o The CIA devotes annually about two man-years of effort in developing and running macroeconomic models of the major foreign developed economies. The analysts working on this project are at the GS-13/14 grade level. A manager (GS-16) spends about 5 percent of his time supervising the project.

- o The CIA spends annually less than \$60,000 on external research contracts for macroeconomic modeling of Free World developed countries. This includes \$10,000 for the Chase Econometric Print Service, and \$50,000 for the DRI Canadian and Japanese models and data bases.

- o The CIA analytical effort on communist countries involves an annual expenditure of about two man-years for macroeconomic modeling. The personnel in this effort are at the GS-13/14 level, and are supervised with about 5 percent of the time of a GS-16.

o In modeling less developed economies, the CIA spends annually roughly three-fourths of one man-year at the GS-12/13 level. Supervision is about 2 percent of the time of a GS-16.

o The CIA spends no money and no computer time in running large energy models such as PIERS.

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cc: D/OER